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The Public Service Commission State of South Carolina

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November 29, 2007

Certified Mail - Return Receipt Requested

Scott Elliott, Esquire
Elliott & Elliott
721 Olive Street
Columbia, South Carolina 29205

Shealy Boland Reibold, Esquire
Office of Regulatory Staff
Post Office Box 11263
Columbia, South Carolina 29211

Re: Docket No. 2007-283-C – Application of Norstar Telecommunications, LLC for Authority to Operate as a Reseller of Interexchange Telecommunication Services and for Alternative Regulation within the State of South Carolina

Docket No. 2007-302-C – Application of Network Enhanced Technologies, Inc. for Authority to Operate as a Reseller of Interexchange Telecommunications Services within the State of South Carolina

Dear Scott and Shealy:

Enclosed please find proposed orders in the above-captioned dockets, which are being delivered to you pursuant to the requirements of 26 S.C. Code Ann. Regs. 103-841(C). As parties of record in these cases, you have ten (10) days from your receipt of the proposed orders to file exceptions, present briefs, and/or file written requests for oral argument to the Commission, if you should desire to do so. If none of these are received by me within 10 days of your receipt of the proposed orders, I will request that the Commission issue its orders in these cases based upon the record of the formal proceedings and the proposed orders.

Sincerely,

F. David Butler
Hearing Examiner

FDB/hha
Enclosure
cc: Joseph Melchers, Chief Counsel
Douglas Pratt, Advisory Staff

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-302-C - ORDER NO. 2007-
NOVEMBER 29, 2007

IN RE: Application of Network Enhanced)	ORDER GRANTING
Technologies, Inc. for Authority to Operate as)	CERTIFICATE AND
a Reseller of Interexchange)	APPROVING MODIFIED
Telecommunications Services Within the)	ALTERNATIVE
State of South Carolina)	REGULATION-
)	PROPOSED ORDER OF
)	THE HEARING
)	EXAMINER

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Network Enhanced Technologies, Inc. (“NET” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold interexchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2006) and the rules and regulations of the Commission. By its Application, NET also requests alternative regulation of its business interexchange services consistent with Commission Orders, and waiver of certain Commission regulations.

The Commission’s Docketing Department instructed NET to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of NET and of the manner and time in which to file the appropriate

pleadings for participation in the proceeding. NET complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

Subsequently, NET and ORS filed a Settlement Agreement attached hereto as Order Exhibit 1. A hearing was convened on November 19, 2007, at 11:10 a.m. in the offices of the Commission in Columbia, South Carolina, before David Butler, Hearing Examiner. NET was represented by Scott Elliott, Esquire. The Office of Regulatory Staff (“ORS”) was represented by Shealy Boland Reibold, Esquire, and Florence P. Belser, Esquire.

Kay Kamrava, President of the Company, testified in support of the Company’s Application. The record reveals that NET is a corporation organized under the laws of the State of California, and the company is registered to transact business in South Carolina. According to Dr. Kamrava, the Company seeks authority as a reseller of interexchange services. Dr. Kamrava explained the Company’s request for authority, and the record further reveals the Company’s services, operations, and marketing procedures. The Company intends to market interexchange services. Dr. Kamrava also discussed NET’s technical, financial, and managerial resources to provide the services for which it seeks authority.

With regard to technical, financial, and managerial capabilities, the Company’s Application and Dr. Kamrava’s testimony both evidence that NET’s management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Dr. Kamrava also testified that NET will operate in

accordance with Commission rules, regulations, guidelines, and Commission Orders. Dr. Kamrava offered that approval of NET's Application would serve the public interest.

Dr. Kamrava, on behalf of the Company, requests a waiver of 26 S.C. Code Ann. Regs. 103-610, since the Company's books are maintained in another state. Further, the Company requests an exemption from 26 S.C. Code Ann. Regs. 103-612.2.3 (requirement to furnish maps) and 103-631 (requirement to publish a directory).

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. NET is a corporation organized under the laws of the State of California, and is authorized to do business in South Carolina by the Secretary of State.
2. NET desires to operate as a provider of resold interexchange services in South Carolina.
3. We find that NET possesses the managerial, technical, and financial experience and capability to operate as a provider, through resale, of interexchange services in South Carolina.
4. We find that the issuance of a Certificate of Public Convenience and Necessity to NET to operate as a reseller of interexchange services in South Carolina would be in the best interest of the citizens of South Carolina by providing more innovative services.

5. NET requests a waiver of 26 S.C. Code Ann. Regs. 103-610, 103-612.2.3, and 103-631. The Commission finds NET's requested waivers reasonable and understands the potential difficulty presented to NET should the waivers not be granted.

6. The Company has the managerial, technical, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. The Commission concludes that NET possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by NET and as set forth in its Application and Dr. Kamrava's testimony is in the best interests of the citizens of the State of South Carolina.

3. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to NET to provide resold intrastate interexchange telecommunications services.

4. The Commission adopts a rate design for NET for its residential interexchange services, if any, which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. NET shall not adjust its residential interexchange rates for end-users, if any, below the approved maximum level without notice to the Commission and to the public. NET shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp.2006).

6. The Commission concludes that NET's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be

subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

7. We conclude that NET’s request for waiver of 26 S.C. Code Ann. Regs. 103-610, 103-612.2.3 and 103-631 should be granted as strict compliance with the regulations would potentially cause undue hardship on that Company. The waivers are not contrary to the public interest.

8. The Settlement Agreement between the Company and ORS should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to NET to provide intrastate interexchange services through the resale of services authorized for resale by tariffs of carriers approved by the Commission within the State of South Carolina.

2. The Company's rate designs for its products shall conform to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, NET shall file its revised tariff. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the NET-ORS Settlement Agreement.

4. The Company's service is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. NET shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If NET changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, NET shall comply with the terms of Order No. 93-462, Order Approving

Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, NET shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. In addition to the financial filings required supra, NET shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, NET shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at the ORS's website at [w.w.w.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund (“USF”) worksheet, which may be found on the ORS’s website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company’s liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **July 1st** with the Commission and ORS.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. NET shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the ORS website at www.regulatorystaff.sc.gov; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

11. At the hearing, NET requested a waiver of 26 Code Ann. Regs. 103-610, 103-612.2.3 and 103-631 (Supp. 2006), The Commission finds NET’s requested waivers

reasonable and understands the potential difficulty presented to NET should the waivers not be granted. The Commission therefore grants the requested waivers. However, NET shall make available its books and records at all reasonable times upon request by the Office of Regulatory Staff, and NET shall promptly notify the Commission and ORS if the location of its books and records changes.

12. The Settlement Agreement between NET and ORS is hereby approved.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

G. O'Neal Hamilton, Chairman

ATTEST:

C. Robert Moseley, Vice Chairman

(SEAL)

Docket No. 2007-283-C– Application of Norstar
Telecommunications, LLC for Authority to
Operate as a Reseller of Interexchange
Telecommunication Services and for Alternative
Regulation within the State of South Carolina

and

Docket No. 2007-302-C – Application of Network
Enhanced Technologies, Inc. for Authority to
Operate as a Reseller of Interexchange
Telecommunications Services within the State of
South Carolina

CERTIFICATE OF SERVICE

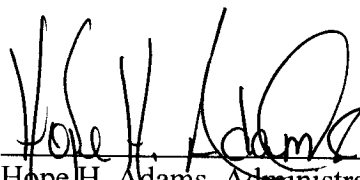
**(By Certified U.S. Mail)
(Return Receipt Requested)**

I, Hope H. Adams, an employee of the Public Service Commission of South Carolina, do hereby certify that I have this date served one (1) copy of ***Order Granting Certificate and Approving Modified Alternative Regulation – Proposed Order of the Hearing Examiner*** issued in Docket No. 2007-283-C, dated November 29, 2007, and one (1) copy of ***Order Granting Certificate and Approving Modified Alternative Regulation – Proposed Order of the Hearing Examiner*** issued in Docket No. 2007-302-C, dated November 29, 2007, to the person(s) named below by causing said copies to be deposited with the United States Postal Service, by certified mail, return receipt requested, postage prepaid and addressed as follows.

Scott Elliott, Esquire
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721 Olive Street
Columbia, South Carolina 29205

Shealy Boland Reibold, Esquire
Office of Regulatory Staff
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November 29, 2007
Columbia, South Carolina



Hope H. Adams, Administrative Assistant
Public Service Commission of South Carolina